

The PARAGON Perspective

From the President

PARAGON Perspective is sponsored by PARAGON Development, an international consulting organization specializing in new value creation for corporations. This is accomplished through new business development and optimized planning in addition to corporate venturing. The purpose of this newsletter is to update, educate, stimulate, and enlighten our friends and business colleagues on many topics involving new business development as well as the world at large as it may affect our businesses and/or our professional interests. We are not intending, and will not use this communication to promote our business. There are other times and places and opportunities for that.

We hope to inspire debate and pass along information that may enable all of us to better understand and succeed in our new business objectives in the future. We further hope you pass these along to colleagues who may have mutual interests.

We want to use this forum to do the following:

- Share information we have learned that we consider important concerning best practices, trends, successes and failures, conferences, and other elements that will enable all of you to grow your organizations with maximum top and bottom line results.
- Share information about select client initiatives that may be of interest based on technologies, markets, or business needs that you believe could fit within the scope of those client's interests.
- Share personal observations and even humorous items given to us by others.

We welcome your comments on any topic and we encourage you to contribute to future newsletters. The PARAGON Perspective is now in its third year and we thank everyone for their contributions to it and to the ideas and suggestions that have made it easier for us to produce it, in addition to bringing recognized improvements. We have received several suggestions that will be added at least temporarily with this edition. One is to add anecdotes with a business relevance and the other is to add new words and definitions with relevance in business. Ironically, these suggestions came from two separate people. We will remove the business factoids to keep the newsletter from being too long.

This month's newsletter will highlight our opinion on the business development topic: **"Pseudo Serendipity"**

Jack Peregrim
Pres., PARAGON Development

Paragon Update

Our work project level has not diminished even with the traditionally slow summer months. It seems that the economy is continuing to expand and corporations are investing more on growth than they had been.

Several of our projects have focused on developing new markets for existing proven technologies.

If you or your company have upcoming events you think will be of interest to our readers please send us an email describing the particulars, including a brief description of the organization, the event program, and the "take-aways" that attendees will receive. An example is the one following on the Commercial Development and Marketing Association Fall Meeting in Chicago.

CDMA - Commercial Development and Marketing Association **Fall Meeting, Chicago II.** **September 29-October 1**

CDMA is an organization of business development executives having responsibility for growth in their organizations through both internal (technology, product, market, channel development) and external approaches (licensing, acquisitions, alliances).

The value proposition of the CDMA has two different components.

1. Education. The education component is primarily focused on the functional aspect of best practices in creating growth but it also has a content piece about the markets and industries represented.
2. Networking. Many networking opportunities are presented at the meetings that enable experiential learning to occur in addition to key contacts being made to further future alliances and partnerships.

The cost is very reasonable for the entire event. Information about the Association and the Meeting can be found on their website: WWW.CDMAonline.org

Technology Transfer

This section is open for clients, friends, and other newsletter recipients to spotlight technologies they have available for licensing, acquisition, or development. Please send a description of your technology to be posted in this section for future newsletters. Inquiries can either be sent directly to those who have posted information, or, we could forward any/all inquiries to you. This section is for non-client project technologies that we will highlight.

This newsletter has a distribution of several thousand individuals who are primarily in new business development, so the audience is one that has the potential to generate legitimate interest. We only reserve the right to withhold posting any technology closely related to ones in which we have a client conflict.

If you have any interest, please contact Jack Peregrim at:

(203) 288-4154 or Peregrim@ParagonDevelopment.Com

Quotes of the Month

When *Adlai Stevenson* was running for President against Dwight Eisenhower, the following exchange took place.

Stevenson Supporter: "Every thinking person will be voting for you".

Stevenson: "Madam, that is not enough. I need a majority".

"Do not let what you cannot do interfere with what you can do." *John Wooden*

"Before you become too entranced with gorgeous gadgets, and mesmerizing video displays; let me remind you that information is not knowledge; knowledge is not wisdom, and wisdom is not foresight. Each grows out of the other, and we need them all." *Arthur C. Clarke*

"If you want to succeed, double your failure rate." *Samuel Butler*

"Genius is one percent inspiration and 99 percent perspiration." *Thomas Edison*

"Mix your knowledge with imagination and then mix both.." *Clarence Birdseye*

"The big danger in mega-mergers is that they are seen as the mating of dinosaurs." *Peter Bonfield*

"Business today is about making decisions amid ambiguity." *Geraldine Laybourne*

"There are two kinds of truths. There are real truths, and there are made-up truths." *Marion Barry*

"From now on we will offer police jobs to qualified women regardless of sex." *New Jersey affirmative action poster*

"The weather will be cold. There are two reasons for this. One is that the temperatures will be lower." *Weather forecaster*

New Technologies Being Sought

Products/Technologies

A client is looking to license or acquire products in the following areas:

- Compatibilizers, such as block polymers, that can be used in plastics as additives.

If anyone has technology or products of interest, please contact us and we will arrange a presentation or communication with the respective clients.

You can contact: Jack Peregrim at: Peregrim@ParagonDevelopment.com

Web Site Additions

We have updated our web-site recently but will continue to add to our alliances and partnerships page, which provides sourcing to our clients on services that they may be seeking in specialized functional or industry areas. As such we will post organizations and individuals who we **know** to excel in products and services.

If you would like to be included in this listing (free of charge), please submit a request to us with a short (50 word) description of your products and services, as well as direct contact information. We view this as a mutual service to our clients as well as companies, consultants, and other entities we have had the pleasure to work with.

We encourage readers to review the organizations and individuals on the website as they are limited to those people we have personally qualified. This is also a service we offer without any compensation as our intention is to serve as a 'catalyst for success' in a broad way that extends beyond those areas where we are best in kind.

Interesting Words

Percipient: (per-SIP-ee-ent) adjective

Capable of perceiving. Showing keenness of insight.

Magniloquent: (mag-NIL-e-kwent) adjective

Lofty in expression

Pompous, boastfull.

Heteroclite: (Het-er-e-klite) Adjective

Abnormal or irregular

A person or thing that deviates from what is considered normal

Solecism: (SOL-e-siz-em) Noun

A mistake in the use of language

An offense against good manners or etiquette

Pseudo Serendipity

Background:

Pseudo serendipity is a term that was coined by Royston Roberts, who wrote "Serendipity and Accidental Discoveries in Science". Royston Roberts recognized that inventors discovered things following two different pathways.

1. Accidentally while not seeking the thing discovered.
2. Coincidentally while seeking *something*, although the thing sought was different from that which was discovered.

In his studies, Roberts recognized that the successes in the second type of invention were larger and more frequent than the first. And, that the second group had a different attitude and methodology that enabled them to make the breakthroughs from their observations.

Through the years we have read, experienced, and been told of dozens of examples of success through pseudo-serendipity – the most famous being 3M's Post-it™ notes. The term we find most applicable to this phenomenon is Discovery Based Learning, the term most often applied today. The majority of papers and books on the subject tend to focus on its application in technology and new products, which we feel is a limiting viewpoint.

Case Example:

A Voice-of-Market™ Forum was conducted to commercialize a new technology. During the Forums industry leaders repeatedly stressed the increased potential for this technology if one additional functional property was added to it. Each time this was mentioned, the client did not acknowledge the suggestions had value. Toward the end of the second Forum (attended by another set of industry leaders) this same perspective was delivered - the need for the technology that could do 3 different things and not just the two that presented.

The client had dismissed earlier comments because they were “blinded by their experience”. They had the greatest technology competency in the area needed, but didn’t apply it to this particular development platform because they believed they knew all of the applications in this field, and were not open to hearing anything new. This is referred to as “institutional arrogance,” a not uncommon attitude in organizations perceived as leaders.

However, the industry leaders reviewing the technology for business development were searching for discoveries in the form of new value, and, being in a “discovering mode” were alert to new possibilities.

Another example is a sales director from a major organization having knowledge of a new product that was going to be introduced into his company’s main market. This product, if successful, would have a very large (and negative) impact on the company’s position. The new offering was not coming from a competitor, but from a major organization. The sales director admitted that he had known about this project for about 2 years, as the organization had called on their major customers. The sales director took the position that since the organization did not sell anything directly against their products, there was no need for further investigation. Had the sales director followed up on the information delivered by their customers, they could have made strategic moves to protect their business, but the sales director did not understand or try to take advantage of the business intelligence given. The focus was on maintaining the sales and profits of the company’s products, which blinded the company to outside influences.

Lessons Learned:

We are not alert to serendipitous opportunities beyond a narrow focus. Innovation comes “from the edges”, as does disruption. The following exemplifies why we should understand and look for pseudo-serendipity:

1. It is a fact that every major event with a large, disruptive impact had been known long before it was believed. There are always preliminary signals, usually ignored, as they typically don’t contribute directly to what we are trying to do at the time.
2. Being alert to things “on the edges” statistically improves the odds that innovation will occur. It will never ensure that huge successes will occur by making brilliant connections alone, but, it will increase your ability to take in the “non-obvious” which will allow you to recognize things that others are missing.

Many times it is a matter of concatenating (linking) dissimilar facts, events, or observations. This is something we can train ourselves to do. Some of the things we have to learn are:

- We do not **know** everything that we think we do. A phenomena we have recognized is that many recognized industry leaders are insulated from the “real world” and only view information from an internal organization perspective – thus missing the broad overview that would impact them..
- We need to develop skills that enable us to look at events that are on the periphery of our focus. We need to force ourselves to inquire about things we might have missed. Try it at a meeting -- ask yourselves what might be going on that is beyond the obvious, and then ask what it might mean beyond the obvious intentions.
- Develop the skills of creative problem solving. Take a look at the many connections that are always occurring. Look for a hundred connections per day and rapidly go through a “connections checklist”, discarding the vast majority of those things considered. (More on the connections checklist below).
- Think beyond your main functional interest area. If you are in technology development, look for a business or market connection and try to apply it to your area. Or, look for technology indirectly connected to yours. Alternative approaches analogous to the chemistry that you use address the same issues. Don’t “shut off” the listening switch when conversations turn to issues in other areas, particularly when the discussion is with customers or others **outside** your organization.
- Ask open-ended questions that are subject to interpretation. For example ask your customers: “ What do I need to be asking you that I am not to ensure my organization is prospering along with you in 10 years?” Or, “what do you think keeps your company’s president up at night.

The following represents our take on the connections checklist:

- If what I am hearing or observing is meaningful, what are all the possible ramifications?
- How does my observation fit into my objectives if I force it to?
- What would be my worst nightmare if a competitor observed what I did and chose to act on it?

- How does my observation impact my responsibilities from a perspective beyond my own?
- What examples in other industries or situations are analogous to mine regarding this situation?

Our recommendations are as follows:

- Recognize the potential for pseudo-serendipity to create value.
- Recognize that you can have control over what appears to be a random process (Serendipity alone).
- Be motivated and also disciplined about what is admittedly a very conceptual process.

It has been our intent to pass along things we have learned or experienced on topics involving growth and new business development. Particularly ones that may be provocative or be beyond those considered every day. We do not try to presume to be the leaders in all areas we cover and we invite others to contribute with comments, additions, or criticisms. We encourage feedback in any media and will post your contribution in a future newsletter if you allow it.

We also will continue to focus on topics that the reader's choose in almost all cases over ones we consider within our staff so please continue to send requests for topics that you want to have covered.

Business & Other Anecdotes

Admitting mistakes

Nikita Khrushchev engaged in a fiery exchange with President Kennedy at which point Kennedy asked him if he ever admitted to a mistake. To that he replied: "Certainly I do. In a speech before the Twentieth Party Congress, I admitted to all of Stalin's mistakes."

Last words--Fickle

The famous pirate Captain William Kidd started his career as a simple sea captain. But when he was sent to the coast of Madagascar to quell marauding pirates, he joined them instead, and soon became one of the most ferocious raiders on the open seas. After several years of bloody raids on English ships he reached agreement with the English that he would surrender in return for a full pardon. Once he was in captivity, the pardon was revoked and he was sent to the gallows. As the noose was put around his neck he said to the assembled crowd: "this is a very fickle and faithless generation".

Never lost

Daniel Boone was once asked, when he was in his eighties and at the end of his life, whether he had ever been lost. Boone replied: "No, I have never been lost. But I was bewildered once for three days."

Perspective

Socrates' wife, Xanthippe, visited him in prison and was very upset with the jury's condemnation. Socrates told her that the jury, by its very nature is likewise condemned. His wife responded with: "But, the condemnation is so unjust. To which Socrates replied: "Would you prefer that it be just?"

Futurist Perspective

The following are excerpts and projections taken from multiple sources, including internal observations from the PARAGON Development staff.

Nano technology

The most immediate/short term successes will come from the use of very common materials in a "nano" form. These are being commercialized right now and sales are already supporting their value. We are talking about materials that range from carbon nanotubes to clays to glass. Their value is in the properties they impart in other systems, such as plastics, and/or their use as a processing aid to lower production costs. Many of the early pioneers will not re-coop their total investment but the "second wave innovators" will prosper.

The next large success for "nano sized particle" will be in medical and will be in both diagnostic as well as therapeutic applications. There is a tremendous investment being made by major organizations in both fields, and breakthroughs have made success only a matter of time for at least some of the innovators. We believe that organizations such as Johnson & Johnson are the best suited to benefit from that success as they have a good balance of basic and applications research. They are in both diagnostic and therapeutic areas. They are also balanced in building capabilities internally but also having a strong in-licensing program. And, lastly they are making a long-term commitment to this area.

One last projection will represent the greatest breakthrough, and currently has people and organization dedicated to it. The “killer app” as it is referred to, is in nano-robots. Although there is a great deal of concern over success, this is not as far away as people think. Estimates are within the next 10 years nano-robots will be in clinical trials in humans.

Ocean Chemistry

A major concern to scientists are changes occurring in our oceans because of an increase in carbon dioxide. Oceans are absorbing much of the carbon dioxide produced by humans, resulting in a change of atmosphere for marine life.

“About half of the anthropogenic CO₂ taken up over the last 200 years is found in the upper 10% of the ocean” according to oceanographer Christopher Sabine. The problem is that this storage is altering the surface chemistry of oceans, increasing it’s acidity and lowering the pH levels. Surface ocean pH could drop lower than it has been for more than 5 million years according to at least one study.

As CO₂ levels increase, the calcium carbonate found in the shells of marine animals dissolves. While the dissolved calcium carbonate partially neutralizes the CO₂, the decreased calcification is expected to affect marine food webs, altering oceanic diversity and productivity.

Financial Projections

Experts project that the stock market will finish the year up at least 5% even with the recent declines over the past month. Once the election uncertainty is past and oil prices are stabilized, then the market will again move ahead, barring, of course, a major new disaster such as a terrorism attack of large proportion.

Interest rates will go up slightly and predictably over the next 18 months but at a much slower pace than had been the case in past recoveries. No one seems to think that inflation will catch anyone by surprise so the rate hikes will be only as insurance. Experts also project that this is the best time to lock in long term leases for office and factory space.

Prices will increase as they do in a recovery, but they will not go up much more than 4 % over the next 18 months. This is because productivity gains allows producers to deliver shareholder value without increases so there is less upward pressure put on suppliers who have been squeezed. There are exceptions, of course, but there should be no noticeable increases in products at the consumer level beyond energy and healthcare.

Technology Advantage

A lot has been projected about the United States losing it’s edge in technology based on two key factors. The growth of the European Union and the outsourcing of technology developed to emerging nations such as China and India. Yet, most experts project that the U.S. will maintain it’s technology advantages for the foreseeable future in the most important fields. The U.S. is way ahead of others in molecular biology, nano-technology, and IT. The innovation advantage in these fields will create the greatest new value over the next two decades according to several studies.

The U.S. outspends everyone on R&D with a conservative projection of \$276 Billion in 2002. 30% of that comes from the government. Japan, which is second, is less than one third that amount and the funding gap is widening.

One of the biggest reasons is that American companies are much quicker at making R&D gains pay off. The focus is on rapid use and commercialization of technology in the U.S. and that allows new investment to continue through funding from previous successes.

There is a large cause for concern, however, and that is based on the new attractive technology investments made by other regions that allow talent to remain in their home countries. Many scientists from China, India, or even Europe who had come to the U.S. to study had remained there to work after their studies. Many are now going back home because there is now investment in their fields.

We hope you learned something from this and/or stimulated an action that leads to new opportunities for you and your organizations.

Previous issues of our newsletters can be found at <http://www.paragondevelopment.com/perspective.html>.

Your friends at:

PARAGON Development
WWW.paragondevelopment.com